Message Text

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INFO OCT-01 AF-10 NEA-10 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11 EB-08 DOE-15 SOE-02 TRSE-00 COME-00 OMB-01 CEA-01 ARA-10 INT-05 STR-07 /135 W

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R 031802Z JUL 78

FM AMEMBASSY BONN

TO SECSTATE WASHDC 9890

INFO AMEMBASSY ADDIS ABABA

AMEMBASSY AMMAN

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY MOGADISCIO

AMEMBASSY TEL AVIV

AMCONSUL JERUSALEM

USLO RIYADH

USMISSION USBERLIN

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E.O. 11652: GDS

TAGS: PEPR, OVIP, SA, GW, ECIN

SUBJECT: FRG/SAUDI RELATIONS: VISIT OF CROWN PRINCE

FAHAD TO THE FRG

REFERENCE: BONN 11746

BEGIN SUMMARY: CROWN PRINCE FAHAD'S CONVERSATIONS IN BONN FOCUSED ON THE MIDDLE EAST AND WORLD ECONOMIC PROBLEMS. BILATERAL RELATIONS REMAINED PRINCIPALLY IN THE BACKGROUND. FAHAD STILL HOPES THAT THE SADAT INITIATIVE WILL SUCCEED, BUT IN VIEW OF THE STUBBORN ISRAELI STANCE, IS NO LONGER OPTIMISTIC. THE FRG FOUND THE SAUDI SIDE UNDERSTANDING IN ITS VIEWS ON THE CONFIDENTIAL

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WORLD ECONOMY PARTICULARLY ON INFLATION AND OIL PRICE STABILIZATION. CHANCELLOR SCHMIDT'S REFERENCE TO A FUTURE PALESTINIAN ENTITY CARRIED A MINOR FLAP IN FRG/ISRAELI RELATIONS BUT REPRESENTS, WE ARE TOLD, NO CHANGE IN THE FRG POSITION. END SUMMARY.

1. SAUDI CROWN PRINCE FAHAD WAS IN THE FRG FROM JUNE

21-23 ON HIS FIRST OFFICIAL VISIT, REPAYING CHANCELLOR SCHMIDT'S VISIT TO RIYADH IN THE SUMMER OF 1976. AFTER THE BONN PORTION OF HIS PROGRAM, FAHAD STOPPED BRIEFLY IN BERLIN. HE WAS ACCOMPANIED BY FOREIGN MINISTER PRINCE SAUD AL-FAYSAL, MINISTER OF FINANCE AND THE NATIONAL ECONOMY MUHAMMAD ABAAL-KHAYL, MINISTER OF PLANNING HISHAM NAZAR AND MINISTER OF INDUSTRY AND ELECTRICITY GHAZI AL-QUSAYBI.

- 2. INCLUDING CONVERSATIONS OVER DINNER, FAHAD AND CHANCELLOR SCHMIDT SPENT A TOTAL OF NINE HOURS TOGETHER. OUR CONTACTS IN THE FOREIGN OFFICE CONFIRM THAT THIS IS UNUSUALLY LONG AND ADD IT WAS PROBABLY DUE TO THE STRONG PERSONAL AFFINITY BETWEEN THE TWO MEN. FAHAD ALSO MET WITH TOP FRG PARTY LEADERS, INCLUDING OPPOSITION PARTY LEADERS KOHL (CDU) AND STRAUSS (CSU).
- 3. ACCORDING TO THE FOREIGN OFFICE, CHANCELLOR SCHMIDT, IN HIS CONVERSATIONS WITH FAHAD, ADHERED FIRMLY TO THE EC'S STATEMENT ON THE MIDDLE EAST OF JUNE 29, 1977. THE FRG, HE SAID, STRONGLY SUPPORTS ANY INITIATIVE WHICH MIGHT BRING ABOUT A MEANINGFUL MIDDLE EAST SETTLEMENT. THE SAUDI SIDE SEEMED TO SHARE THE GERMAN VIEWPOINT AND RELATED ITS EFFORTS TO SUPPORT THE SADAT INITIATIVE. IN THE SAUDI VIEW, HOWEVER, THE CENTRAL PROBLEM REMAINED ONE OF ISRAELI INTRANSIGENCE. THE ISRAELI ANSWER TO CONFIDENTIAL.

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THE QUESTIONS POSED BY THE US WAS MERELY THE LATEST EXAMPLE OF THIS. FAHAD WAS QUITE FORCEFUL IN EXPOUNDING THE SAUDI VIEW THAT THE US AND EUROPE MUST PUSH ISRAEL IN THE DIRECTION OF PEACE.

4. CHANCELLOR SCHMIDT IN HIS FAREWELL REMARKS TO FAHAD MADE MENTION OF A PALESTINIAN RIGHT TO A STATE-LIKE ENTITY (DAS RECHT AUF STAATLICHE ORGANISATION DER PALAESTINENSER.) THE PRESS, MUCH TO THE CHANCELLOR AND THE FOREIGN OFFICE'S DISMAY, DREW FROM THIS AMBIGUOUS COMMENT THE INFERENCE OF FRG RECOGNITION OF A PALESTINIAN RIGHT TO A NATIONAL STATE (HICH WAS PARTICULARLY UNFORTUITOUS COMING ON THE EVE OF GENSCHER'S VISIT TO ISRAEL.) ALTHOUGH SCHMIDT'S COMMENT IS AMBIGUOUS IN TRANSLATION -- IT CAN BE INTERPRETED AS REFERRING TO A PALESTINIAN STATE. PALESTINIAN RIGHT TO ORGANIZE UNDER ONE GOVERNMENT, NATIONAL ENTITY, ETC. -- WE ARE TOLD THAT SCHMIDT'S REMARKS DO NOT REPRESENT A CHANGE IN FRG POLICY. THE FOREIGN OFFICE MAINTAINS THAT THE GERMAN POSITION REMAINS ONE OF RECOGNITION THAT THE PALESTINIANS MUST HAVE SOME FORM OF NATIONAL ORGANIZATION, BUT THE

GERMAN PREFERENCE IS FOR A SEMI-AUTONOMOUS LINK OF THE WEST BANK TO JORDAN RATHER THAN FOR AN INDEPENDENT STATE.

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5. SCHMIDT AND FAHAD ALSO ENGAGED IN A LENGTHY TOUR D'HORIZON OF THE WORLD POLITICAL SITUATION. ALTHOUGH SCHMIDT WAS INTERESTED IN SAUDI VIEWS OF AFRICAN DEVELOPMENTS IN GENERAL, FAHAD SEEMED WELL INFORMED ONLY ON THE PROBLEMS OF THE HORN. HERE HE WAS OUTSPOKEN IN WARNING OF THE DANGERS OF SOVIET EXPANSIONISM. HE NOTED THAT SAUDI ARABIA HAD DONE EVERYTHING IT COULD TO SUPPORT SOMALIA IN THE OGADEN CONFLICT. THERE WAS NO MENTION, HOWEVER, OF FUTURE SAUDI AID PLANS FOR SOMALIA.

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- 6. ON RELATIONS WITH THE SOVIET UNION, FAHAD BROKE NO NEW GROUND. HE SHARED THE GERMAN VIEW THAT THE SOVIETS WERE NOT REALLY INTERESTED IN SEEING PEACE IN THE MIDDLE EAST; CONTINUED TENSION SEEMED TO BE MORE TO THEIR LIKING FAHAD WAS CRITICAL OF SOVIET/CUBAN ACTIONS IN AFRICA ESPECIALLY AS THEY RELATED TO DEVELOPMENTS IN THE HORN.
- 7. ACCORDING TO THE FOREIGN OFFICE THE US WAS NOT DISCUSSED SPECIFICALLY. FAHAD DID NOTE, HOWEVER, THAT THE EXTENSIVE DISCUSSION OF THE F-16 DEAL HAD NOT BEEN UNSUCCESSFUL IN BRINGING ABOUT A USEFUL CHANGE IN POPULAR AMERICAN ATTITUDES TOWARDS HIS COUNTRY.
- 8. THERE WERE FEW POINTS TO DISCUSS ON A STRICTLY BILATERAL BASIS. RELATIONS ARE QUITE CLOSE AND BILATERAL TRADE IS ROUGHLY BALANCED. BOTH SIDES AGREED THAT THE SAUDI FOREIGN MINISTER WOULD VISIT BONN SHORTLY AFTER THE JULY ECONOMIC SUMMIT. NO DATE, HOWEVER, WAS SET. THE OUTSTANDING INVITATION TO SAUDI KING KHALID WAS DISCUSSED BRIEFLY AND THE FOREIGN OFFICE EXPECTS THAT THE VISIT WILL TAKE PLACE EARLY IN 1979.
- 9. ECONOMIC ISSUES WERE ALSO A MAJOR DISCUSSION. TOPIC FOCUSING ON INFLATION AND ENERGY PRICES AND POLICIES. THE GERMAN SIDE EXPRESSED ITS APPRECIATION FOR SAUDI EFFORTS IN KEEPING OIL PRICES STABLE. WE WILL BE REPORTING FURTHER BY SEPTEL ON THE SPECIFICS OF THE ECONOMIC PORTION OF THE TALKS. STOESSEL

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